

BIG CEDAR GOLF AND COUNTRY CLUB
CAPITAL INVESTMENT STRATEGY

2021 - 2025

BACKGROUND

This plan projects requirements for capital investment over a five-year span (2021-2025). The Capital Planning Committee updates this document annually and brings it forward to the Board for approval. Projected costs are indicative only - most items identified in this document require further study and investigation prior to making a spending decision.

Bylaw 504 states that “The Board shall not, however, incur any indebtedness, make any conveyance or place any mortgage on the real property of the Club involving any sum larger than \$50,000 in total without the authority of a special resolution passed by two-thirds of the shareholders in attendance at a meeting generally called.” This document will be used to identify any proposed or anticipated expenditures that may fall within that category and appropriate resolutions will be brought forward for the consideration of shareholders.

The plan prioritizes potential investments as follows:

- A. High priority investments needed to successfully operate the Club.
- B. Legal requirements – investments that the Club is legally required to make.
- C. Investments which are discretionary and/or deferrable.
- D. Investments that provide tangible payback through increased revenues.

INVESTMENTS MADE IN 2020

We had no unplanned capital expenditures in 2020. In the final quarter of 2020, the board met and discussed the addition of a golf simulator to Big Cedar. The purchase and installation of the simulator occurred in early February 2021. The Board also met and discussed the leasing of a new Triplex mower in 2021. This expenditure was approved and will be reflected in 2021.

Total capital expenditures during the year are summarized as follow:

Power carts (lease)	\$10,300
Tractor (lease)	\$ 6,870
Fairway mower (lease)	\$12,265
Rough Mower (lease)	\$ 4,950
Tee box mower (lease)	\$ 4,800

INVESTMENTS MADE TO DATE IN 2021

Because the AGM was deferred to April, the Board moved ahead with the following initiatives this spring:

Replacement of clubhouse flooring	\$16,000
Bathroom renovations	\$ 1,500
Upgrade to kitchen equipment	\$ 7,000
Simulator purchase	\$15,000
Replacement of exterior door hardware	\$ 3,000

Note that the total cost of the simulator was \$60,000. However, \$45,000 was funded through an extension to the clubhouse mortgage. This transaction extended the term of the mortgage but only increased the monthly payment by about \$80.

CURRENT CONTRACTUAL COMMITMENTS FOR 2021 - 2025

<i>ITEM</i>	2021	2022	2023	2024	2025
<i>Power carts (lease)</i>	\$10,300	\$10,300	\$10,300	\$10,300	
<i>Tractor</i>	\$6,870	\$6,870	\$6,870	\$1,150	
<i>Clubhouse mortgage</i>	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<i>Mower for tee boxes</i>	\$4,800	\$4,800			
<i>Fairway mower</i>	\$12,265	\$12,265	\$12,265	\$12,265	
<i>TOTAL</i>	\$54,235	\$54,235	\$49,435	\$43,715	\$20,000

+ NEW PROJECTED EXPENDITURES FOR 2021 - 2025

<i>ITEM</i>	2021	2022	2023	2024	2025
<i>Greens mowers</i>		\$5,000	\$5,000		
<i>Flooring replacement</i>	\$16,000				
<i>Bathroom renovations</i>	\$1,500	\$4,500			
<i>Kitchen updates</i>	\$7,000				
<i>Front deck</i>		\$30,000			\$15,000
<i>Power carts (lease)</i>	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
<i>Golf Simulator</i>	\$15,000				
<i>Upgrade doors</i>	\$3,000				

= TOTAL PLANNED EXPENDITURES FOR 2021 – 2025

	2021	2022	2023	2024	2025
<i>Total Expenditure</i>	\$104,735	\$101,735	\$62,435	\$51,715	\$43,000

A - HIGH PRIORITY INVESTMENTS

1. Bathroom Renovations

Flooring and toilets were replaced this spring. Remaining renovations are required to replace aging counter tops and a full repainting.

The estimated cost of this renovation is \$4,500.

2. Kitchen Updates

The current kitchen arrangements require investment to help our staff prepare meals quickly and efficiently. We require a prep station, electric hot table, and a new single sided industrial freezer.

The cost of the appliances is approximately \$7,000.

3. Front Deck

It is in the best interest of the club to create a large deck area in front of the clubhouse. This will attract guests and encourage members to spend additional time on the patio after a game of golf.

Last year our temporary patio received a lot of good feedback. The temporary patio will open again in 2021. This project will increase the sales of liquor and meals with the addition of new menu options.

The cost of the patio is approximately \$30,000 (we believe we could ask members for help to bring down the cost of labour).

B - INVESTMENTS REQUIRED TO MEET LEGAL REQUIREMENTS

1. Connect with town water supply

If the town decides to install a water line in the area, the club would be required to connect. This represents a non-discretionary draw on available funds. It is listed here as a risk factor that should be considered when determining capital budgets and should be reviewed regularly to determine the level of risk in the short to medium terms.

Municipalities generally use frontage measurements to determine how the cost of the improvement is charged to local users. How frontage would be calculated for the club remains to be determined. The \$80,000 figure is based on the most probable decision but it is also likely the best-case scenario.

The municipality normally adds the cost of the project to taxes and the costs are recovered over an extended period. The details require confirmation but if valid,

this would limit the impact that the project would have on the club's flexibility to borrow to meet other capital requirements.

2. By 2025, we expect to need to comply with the new Ontario regulations that apply to not-for-profit organizations. At that point, the Club will need to become a non-shareholder corporation. While we will need to seek legal advice before making decisions, the Club may need to buy back shares from current shareholders.

This represents a potential liability of \$40,000. However, the actual liability is somewhat lower given that many of the shares are traceable only to long-dormant estates.

C - IMPORTANT BUT DISCRETIONARY OR DEFERRABLE INVESTMENTS

1. **Replace leaf blower**

The existing tractor-pulled blower is very old. We could purchase a much more versatile powered blower that could be pulled by a golf cart for about \$8,000. A preferred option would be to acquire a harvester/blower that would also gather up plugs produced by the greens aerator. In addition to helping to improve playing conditions, this unit would provide some degree of payback, as it would significantly reduce the labour required. Prices run about \$16,000 for a new machine. [SEP]

2. **Replace electrical service to workshop**

The electrical service to the workshop is antiquated and its 40A capacity is very marginal to meet requirements. As we now feed the new washroom from this service, the load has increased. If the breaker trips due to an overload during below-freezing temperatures, the washroom plumbing, and fixtures could be damaged.

The lack of electrical capacity also limits staff flexibility to carry out maintenance work. There are often occasions where they could do tasks such as light welding, sharpening blades, etc. but our current electrical service lacks the capacity to run the necessary equipment. The Board proposes upgrading to a 100A service that could be expandable to 200A.

The estimated cost is \$7,000.

3. **Replace workshop**

While the electrical upgrade to the workshop is a necessary first step, the longer-term requirement is for a new building. The workshop is in deteriorating condition and is inadequate for efficiently carrying out the various maintenance tasks associated with running a golf course. A better facility has the potential to reduce costs by insourcing some maintenance work and even possibly generate revenue by doing work such as blade sharpening for other courses.

A complementary requirement relates to the need for secure, heated storage of pesticides. Our current approach is somewhat ad hoc and is marginal in terms of complying with IPM requirements.

The Board has undertaken to develop a set of preliminary drawings for planning and costing purposes. The rough estimate is \$110,000 based on 2017 labour and material costs. Our current clubhouse mortgage is projected for payoff by 2025 and we do not see moving on this project until that time nears.

D - REVENUE GENERATING INVESTMENTS

1. Build cart storage shed

A nearby storage area c/w attendant would enable to the club to monitor the condition of the carts more fully prior to and following use. This would allow the club to recover damages, identify maintenance issues, and reduce breakdowns on the course. There would also be room for club storage for members willing to pay a fee. If there are enough interested members, this could provide a revenue opportunity. Membership satisfaction would improve, as clubs/carts would be ready for them when they arrive at the club.

One major obstacle to this initiative would be finding a convenient and accessible location that would minimize the impact on practice facilities and not detract from the appearance of the grounds.

This initiative would likely only be considered when the club reaches its full membership levels. Before making any decision at that time, the Board would need to verify that there is sufficient interest to support a business case for moving ahead with the project.